

**SECRET**SAPC 14537  
COPY 1 OF 3

13 September 1957

CMCC Doc. No. 151X5.715

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Dear Dan:

To help clarify the program of work and the estimated cost for completing the System 2 work we are carrying on in Scotty's behalf after 1 April 1957, we are enclosing a proposal covering this activity which we believe could more properly serve as a basis for the new funding and separate charges for this program. The approximations of these costs furnished you in our March letter were not intended as a proposal and should not be used as the basis of funding and cost collection for this work program. At the time those approximations were made, it was not planned to separate the costs nor to fund the program separately; and we were furnishing rather quick estimates of the cost to complete an existing work program.

We are anxious to avoid becoming involved in the internal question of which portion of your organization should pay the costs of the work. All the phases of this program were set forth in separate proposals to you well prior to the time of the cutoff, and we have performed the work within the estimates with the exception of the production portion where repeated starts-and-stops and changes in the scope of work have resulted in higher costs than were originally anticipated. The program for test equipment, development, and fabrication is unchanged from our original proposal and is being performed for less cost. Portions of the added features work have been cancelled, but we have performed that portion which remains within the cost estimates for it; and funding is left over representing the cancelled portion.

It is very difficult to estimate the remaining costs of a program of work in mid-stream, especially if this estimate must be made hastily without adequate information on costs incurred to date. Accordingly, we feel that only a carefully thought-out cost estimate should be used as a basis for a newly defined program of work representing the remaining portions of some earlier programs. It is for this reason that the accompanying proposal is submitted. The cost of the program as set forth in this proposal is [ ] the fixed fee on this amount figured at [ ]; and the total estimated cost, including fee, is \$ [ ], 25X1  
[ ] This compares with the present contract funding of \$ [ ] of 25X1  
cost. 25X1

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As a result of the August 6 meeting with Scotty's people, it has been decided to cutback certain phases of this program of work. Specifically, the instruction manuals are to be simplified, and a minimum of correction and amendment is to be done to the existing airborne manuals. It is estimated these steps will save approximately \$10,000 of costs. We are planning to cut out two preflight test sets (reducing the number to one per each List N). It is estimated that this will save approximately \$13,000. It is planned not to complete the guard band receiving sets which will save about \$5,000 and not to complete the eighth airborne unit at a saving of approximately \$4,000.

It was agreed at the August 6 meeting that work on this program should continue, that necessary additional funding would be provided, and that the cuts outlined in the preceding paragraph should be made. We are proceeding on this basis.

Sincerely,



Dean

Enclosures:

Copies 1-3 of 5 copies of the  
following CMCC Doc. Nos.

1131X5.111

1132X5.144

1132X5.145

1134X5.49

cc: H. A. W. - AGO

Copy 4 of 5 copies of the  
above listed documents

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Proposal: CAN 82  
29 August 1957

**DELIVERY SCHEDULE  
COMPLETION OF SYSTEM 2 WORK  
REQUIREMENT NO. 2**

The Contractor will complete the work or deliver the items outlined in the Statement of Work in accordance with the following Schedule:

Item

- |     |  |                |
|-----|--|----------------|
| 1.  | Design and Development Lists<br>G, H, and N  | Sept. 16, 1957 |
| 2.  | Fabrication of 2 each Lists<br>G, H, and N   | Nov. 18, 1957  |
| 3a. | Ground Operations Kits                       |                |
|     | Serial No. 1                                 | April 15, 1957 |
|     | Serial No. 2                                 | June 17        |
|     | Serial No. 3                                 | July 29        |
|     | Serial No. 4                                 | Aug. 12        |
| 3b. | Monitor Speaker Kits                         |                |
|     | Serial Nos. 1-2                              | May 20, 1957   |
|     | Serial Nos. 3-4                              | May 27         |
|     | Serial Nos. 5-8                              | June 10        |
| 3c. | Preamplifiers and Muting Control<br>Circuits |                |
|     | Serial Nos. 1-2                              | June 7, 1957   |
|     | Serial Nos. 3-8                              | June 12        |
| 3d. | Remote Operation Kit                         |                |
|     | Serial No. 1                                 | Sept. 30, 1957 |
|     | Serial No. 2                                 | Oct. 14        |
|     | Serial No. 3                                 | Oct. 28        |
|     | Serial No. 4                                 | Nov. 11        |
|     | Serial No. 5                                 | Nov. 25        |

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Proposal: CAN 82

29 August 1957

DELIVERY SCHEDULE  
COMPLETION OF SYSTEM 2 WORK  
REQUIREMENT NO. 2

Item

- |    |   |                |
|----|---|----------------|
| 4. | Airborne - System 2   |                |
|    | Serial No. 1  | Nov. 5, 1956   |
|    | Serial No. 2  | Nov. 11        |
|    | Serial No. 3  | Nov. 11        |
|    | Serial No. 4  | Dec. 31        |
|    | Serial No. 5  | March 11, 1957 |
|    | Serial No. 6  | June 24        |
|    | Serial No. 7  | Aug. 20        |
|    | Serial No. 8  | Sept. 31       |
| 5. | Ground-Based - System 2   |                |
|    | Serial No. 1  | Oct. 22, 1956  |
|    | Serial No. 2  | Nov. 5         |
|    | Serial No. 3  | Jan. 21, 1957  |
|    | Serial No. 4  | April 15       |
|    | Serial No. 5  | May 27         |
| 6. | Two Receiver Sides - (Becomes<br>Serial No. 1 Dual Base-station<br>Receiving Equipment) | Jan. 1, 1958   |
| 7. | Instruction Manuals   |                |
|    | Final Manuals - 25 Each   |                |
|    | Airborne and Ground-Based   | Jan. 1, 1958   |

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